UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/50/763
17 November 1995

ORIGINAL: ENGLISH

Fiftieth session
Agenda item 20 (b)

STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE: SPECIAL ECONOMIC ASSISTANCE TO INDIVIDUAL COUNTRIES OR REGIONS

Financing of the Palestinian Police Force

Report of the Secretary-General

1. From September 1994 to March 1995, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) disbursed a total of $33.3 million placed at its disposal in voluntary contributions by donors for the payment of the salaries and start-up costs of the Palestinian Police Force. That operation was undertaken at the request of the Secretary-General and in accordance with General Assembly resolution 49/21 B of 2 December 1994, in which the Assembly had requested that a United Nations agency be designated to fulfil that function for a period ending not later than the end of March 1995. The Secretary-General reported on the implementation of the disbursement operation for the above-mentioned period in a report entitled "Financing of the Palestinian Police Force" dated 6 April 1995 (A/49/885).

2. On 21 April 1995, the General Assembly adopted resolution 49/21 O, entitled "Financing of the Palestinian Police Force", requesting the Secretary-General, inter alia, to designate once again UNRWA to disburse, with due attention to the need for thorough accounting, the voluntary contributions given by donors in the light of the activities of the Ad Hoc Liaison Committee for salaries and other start-up costs of the Palestinian Police Force, for a period ending not later than 31 December 1995.

3. At the request of the Secretary-General pursuant to that resolution, UNRWA effected payment of salaries to the Palestinian Police Force for the month of July 1995. Contributions for Police Force salaries were not received for the months April to June 1995 inclusive, nor for any month subsequent to July 1995.

UNRWA was therefore not involved in the disbursement of Palestinian police salaries during those months. The July 1995 disbursement was conducted in accordance with the technical mechanism described in the Secretary-General's report and in full coordination with the Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO) in Gaza, following established practice.

4. The July 1995 disbursement was for contributions from the Government of the Netherlands, which contributed $3,434,066 net of UNRWA programme support costs; the Government of Norway, which contributed $1,995,335 net of UNRWA expenses; and the Government of Greece, which contributed $89,286 net of UNRWA programme support costs. Out of those contributions, UNRWA disbursed $4,508,091 in net salaries for 9,000 policemen and $375,264 in salary deductions for the Police Force pension, health and social security funds. The amounts disbursed represented full funding of the July 1995 bills for salaries and salary deductions. The unutilized surplus of $635,332 was paid to the Police Force to cover other running costs for July 1995, as agreed to by the donors.

5. The total bill for net salaries (base salaries plus allowances) for 9,000 policemen for the period from September 1994 to March 1995 and July 1995 amounted to $34,669,426, of which $34,281,847 was funded, leaving a shortfall of $387,579. During the same period, salary deductions for Police Force pension, health and social security funds amounted to $1,772,732, of which $1,000,117 was funded, leaving a shortfall of $772,615. Thus, out of a total salaries bill for the period of $36,442,158, the funding shortfall was $1,160,194. As the July 1995 bill for salaries and salary deductions was entirely funded, the total amount unfunded remained unchanged from that reported earlier by the Secretary-General. The total amount transferred to the Police Force for other running costs increased with the July 1995 disbursement to $3,636,492.

6. From the outset of the effort to assist the Palestinian Police Force, UNRWA had conditioned its involvement in the payment exercise on the understanding that the Agency would incur no costs in providing its assistance. In the July 1995 disbursement, direct and indirect costs incurred by UNRWA amounted to $15,000, bringing total direct and indirect costs incurred over the entire period of the disbursement operation to $149,383. The amount received by UNRWA in connection with the July 1995 disbursement was $427,467. That outcome resulted from the request of the Government of the Netherlands and the Government of Greece that UNRWA subtract from their earmarked contributions the Agency's standard 12 per cent to cover programme support costs, in the amounts of $412,088 and $10,714, respectively, instead of UNRWA deducting direct costs. In addition, UNRWA was requested by the Government of Norway to deduct direct and indirect costs incurred in connection with the disbursement of the Norwegian contribution for July 1995; those costs amounted to $4,665. The amount received by UNRWA in connection with the July 1995 disbursement brought the total amount received by the Agency over the entire disbursement operation - as reimbursement for costs incurred by the Agency, in programme support costs and in earned interest - to $948,186.

7. In August 1995 an independent review was conducted of the 10 million European currency units disbursed by UNRWA for the payment of salaries and running costs to the Palestinian Police Force for December 1994 and

January 1995. The review was carried out by Crown Agents Financial Services Limited on behalf of the European Commission. In so far as UNRWA was concerned, the report concluded that the European Union funds had been disbursed in accordance with the relevant agreements. The report also concluded that controls and procedures continued to be implemented effectively by the Palestinian Authority and UNRWA in months when donor funds were involved.